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April 1, 2014

VIA E FILING

Jocelyn D. Boyd, Esquire
Chief Clerk and Administrator
South Carolina Public Service Commission
101 Executive Center Drive
Columbia, SC 29210

RE: Application of Sage Telecom Communications, LLC for Designation as an Eligible
Telecommunications Carrier in the State of South Carolina

Dear Ms. Boyd:

Enclosed please find for filing the Application of Sage Telecom Communications, LLC. for Designation as an Eligible Telecommunications Carrier in the State of South Carolina. By copy of this letter, I am serving the Office of Regulatory Staff.

If you have any questions, or if I may provide you with any additional information, please do not hesitate to contact me.

Sincerely,

Elliott & Elliott, P.A.

/s/ Scott Elliott

Scott Elliott

SE/mlw

Enclosures

cc: C. Dukes Scott, Esquire w/enc.
Lance J.M. Steinhart, Esquire

CERTIFICATE OF SERVICE

The undersigned employee of Elliott & Elliott, P.A. does hereby certify that she has served below listed parties with a copy of the pleading(s) indicated below by mailing a copy of same to them in the United States mail, by regular mail, with sufficient postage affixed thereto and return address clearly marked on the date indicated below:

RE: Application of Sage Telecom Communications, LLC for
Designation as an Eligible Telecommunications Carrier in
the State of South Carolina

DOCKET NO.: 2014- -C

PARTIES SERVED: C. Dukes Scott, Esquire
Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, SC 29201

PLEADING: Application

April 1, 2014



Marcia W. Walters, Legal Assistant

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF SOUTH CAROLINA**

IN RE:)
)
)

Application of Sage Telecom Communications, LLC)
for Designation as an Eligible Telecommunications)
Carrier in the State of South Carolina)
_____)

Docket No. _____

**APPLICATION OF SAGE TELECOM COMMUNICATIONS, LLC
FOR DESIGNATION AS AN ELIGIBLE TELECOMMUNICATIONS CARRIER
IN THE STATE OF SOUTH CAROLINA**

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March 26, 2014

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**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF SOUTH CAROLINA**

IN RE:

Application of Sage Telecom Communications, LLC
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Docket No. _____

**APPLICATION OF SAGE TELECOM COMMUNICATIONS, LLC
FOR DESIGNATION AS AN ELIGIBLE TELECOMMUNICATIONS CARRIER
IN THE STATE OF SOUTH CAROLINA**

I. INTRODUCTION

Sage Telecom Communications, LLC (“Sage” or the “Company”), by its undersigned counsel, and pursuant to Section 214(e)(2) of the Communications Act of 1934, as amended (the “Act”)¹ and Sections 54.101 through 54.207 of the Rules of the Federal Communications Commission (“FCC”),² and the rules and regulations of the Public Service Commission of South Carolina (“Commission”),³ hereby submits this Application for Designation as an Eligible Telecommunications Carrier (“ETC”) in the State of South Carolina. Sage seeks ETC designation solely to provide Lifeline service to qualifying South Carolina consumers; it will not seek access to funds from the federal Universal Service Fund (“USF”) for the purpose of participating in the Link-Up program or providing service to high cost areas.⁴ As demonstrated herein, and as certified in Exhibit 1, Sage meets all the statutory and regulatory requirements for

¹ 47 U.S.C. § 214(e)(2).

² 47 C.F.R. §§ 54.101-54.207.

³ See S.C. Code Regulation §103-690.

⁴ Given that Sage only seeks support from the low-income program and does not seek any high-cost support, ETC certification requirements for the high-cost program are not applicable to the Company.

designation as an ETC in the State of South Carolina, including the new requirements outlined in the FCC's *USF/ICC Transformation Order*⁵ and *Lifeline and Link Up Reform Order*.⁶ Rapid grant of Sage's request, moreover, would advance the public interest because it would enable the Company to commence much needed Lifeline service to low-income South Carolina residents as soon as possible. Accordingly, the Company respectfully requests that the Commission expeditiously approve this Application for ETC designation.

All correspondence, communications, pleadings, notices, orders and decisions relating to this Application should be addressed to:

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⁵ *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing a Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform – Mobility Fund*, WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 96-45, WC Docket No. 03-109, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011) ("*USF/ICC Transformation Order*").

⁶ *In the Matter of Lifeline and Link Up Reform and Modernization, Lifeline and Link Up, Federal-State Joint Board on Universal Service, Advancing Broadband Availability Through Digital Literacy Training*, WC Docket No. 11-42, WC Docket No. 03-109, CC Docket No. 96-45, WC Docket No. 12-23, Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11 (rel. Feb. 6, 2012) ("*Lifeline and Link Up Reform Order*").

II. UNIVERSAL SERVICE OFFERING

A. Company Overview

Sage is a Texas Limited Liability Company.⁷ Its principal office is located at 10440 N. Central Expressway, Suite 700, Dallas, Texas 75231. Sage is a subsidiary of TSC Acquisition Corporation (“TSC”). Sage, formerly known as Sage Telecom, Inc., was granted authority to provide local and long distance telecommunications services in South Carolina by Order No. 2008-4 issued January 11, 2008, in Docket No. 2007-337-C. The Commission approved Sage’s certificate of public convenience and necessity to provide local and interexchange telecommunications services and the *pro forma* internal structural change transferring the assets of Sage Telecom, Inc. to Sage in Order No. 2013-575.

Sage is a provider of commercial mobile radio service (“CMRS”) and will provide wireless telecommunications services to consumers by using the Sprint and Verizon networks on a wholesale basis. Sage will resell the wireless services of Sprint, and Verizon via Coast to Coast Cellular, Inc. (“Coast to Coast”), utilizing the underlying carriers’ network infrastructure, including wireless transmission facilities, to allow the Company to operate as a Mobile Virtual Network Operator (“MVNO”). Sage has been in business since 1998 and is authorized to provide competitive local and/or interexchange services in Arkansas, California, Colorado, Connecticut, Florida, Illinois, Indiana, Kansas, Kentucky, Michigan, Mississippi, Missouri, Montana, Nevada, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Texas, Washington, Wisconsin, and Wyoming. Sage has been designated as a wireline ETC in Kansas, Oklahoma, Texas, and Wisconsin, and as a wireless ETC in Kansas, Maryland, Missouri, Texas, and Wisconsin. Sage currently has applications for ETC designation pending

⁷ Sage Telecom Communications, LLC was organized in the State of Texas on December 5, 2012. Sage Telecom, Inc. was incorporated in Texas as U.S. Telephone Holding, Inc. on July 18, 1996, officially changing its name to Sage Telecom, Inc. on July 22, 1998.

with Arkansas, California, Colorado, Kentucky, Louisiana, Michigan, Minnesota, Nebraska, Ohio, Pennsylvania, West Virginia, and the FCC for designation in the federal default jurisdictions; no such petitions have been denied.

Sage's wireless services are affordable, easy-to-use, and attractive to low-income consumers, providing them with access to emergency services and a reliable means of communication that can be used at home and while traveling to remain in touch with friends and family, as well as for contacting prospective employers. Sage offers consumers a variety of simple and affordable calling plans, easy-to-use handsets, and high-quality customer service. Given its pricing and marketing strategy and the demographics of other similar MVNOs' customers, Sage anticipates that many of its customers will be from low-income backgrounds and will not previously have enjoyed access to wireless service because of economic constraints, poor credit history, or sporadic employment. Sage does not conduct credit checks or require customers to enter into long-term service contracts as a prerequisite to obtaining wireless service.

By providing affordable wireless plans and quality customer service to consumers who are otherwise unable to afford them, or were previously ignored by traditional carriers, Sage will expand the availability of wireless services to many more consumers, which is the principal reason that Congress created the universal service program.

B. Proposed Lifeline Offering

Sage has the ability to provide all services and functionalities supported by the universal service program, as detailed in Section 54.101(a) of the FCC's Rules (47 C.F.R. § 54.101(a)) throughout South Carolina. Sage intends to be a leader in the wireless marketplace by offering consumers exceptional value and competitive amounts of voice usage at all price points.

The Company's Lifeline service offering will provide customers with the same features and functionalities enjoyed by all other Sage customers, with one notable exception: Sage's Lifeline customers will receive a discount on Sage's wireless plans. Sage will provide Lifeline service under its brand name "Sage Wireless." Sage's Lifeline service offering proposes to give eligible Lifeline customers a variety of wireless plan options. Sage will apply the Lifeline credit to its wireless plans as outlined in Exhibit 2. Exhibit 2 is a summary table of the Company's proposed Lifeline offering.⁸ All Sage Lifeline customers will enjoy free calls to Customer Service, and domestic long distance, voicemail, caller ID, call waiting, call forwarding, and 3-way calling at no additional charge. Lifeline customers will receive a free handset as well. Calls to 911 emergency services are always free, regardless of service activation or availability of minutes. No activation fee will apply to Lifeline customers. As Exhibit 2 demonstrates, the Company's Lifeline offering will not only allow feature-rich mobile connectivity for qualifying subscribers, but also will bring a variety of rate plans into the reach of eligible customers at low Lifeline rates and without the burden of credit checks or service contracts. Sage's Lifeline offering will be an attractive alternative for consumers who need the mobility, security, and convenience of a wireless phone, but who are concerned about usage charges or long-term contracts.

C. Plan Enrollment

Customers interested in obtaining information on the Lifeline program will be directed to a toll-free telephone number and to the Company's website, which will contain information regarding the Company's Lifeline service plans, including a detailed description of the program and state-specific eligibility criteria. Customers may then request that an enrollment form be

⁸ The Company's terms and conditions can be found at www.sagetelecom.net.

mailed to them, or they can download a form from the internet.⁹ The certification forms will explain in clear, easily understandable language that:

- (i) Lifeline is a federal benefit;
- (ii) Lifeline service is available for only one line per household;
- (iii) a household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses;
- (iv) households are not permitted to receive benefits from multiple providers;
- (v) that violation of the one-per-household requirement would constitute a violation of the FCC's rules and would result in the consumer's de-enrollment from the program, and potentially, prosecution by the United States government; and
- (vi) a Lifeline subscriber may not transfer his or her service to any other individual, including another eligible low-income consumer.

Sage's certification form will also require all consumers, at sign up and annually thereafter, to provide the information and certifications, under penalty of perjury, required by revised CFR § 54.410(d).¹⁰ See Exhibit 3 for more detailed enrollment information. Sage will annually re-certify the continued eligibility of all of its Lifeline subscribers.

D. Prevention of Waste, Fraud and Abuse

Sage recognizes the importance of safeguarding the USF. The Company will utilize the Universal Service Administrative Company's ("USAC") National Lifeline Accountability Database ("NLAD") in South Carolina to add, enroll, edit, and de-enroll subscribers in its Lifeline program. The Company has implemented the following 60-day non-usage policy in regards to its Lifeline service offering in an effort to avoid waste, fraud, and abuse of the program. Sage will not seek reimbursement from the USF for inactive subscribers who have not used the service for a consecutive 60-day period.¹¹ Sage will notify its subscribers at service initiation about the non-transferability of the phone service, its usage requirements, and the de-

⁹ See Exhibit 3 for a sample certification form.

¹⁰ See *Lifeline and Link Up Reform Order* page 227-29.

¹¹ See *Lifeline and Link Up Reform Order* at ¶ 257.

enrollment and deactivation that will result following non-usage in any 60-day period of time.¹² An account will be considered active if during any 60-day period the authorized subscriber does at least one of the following: makes a monthly payment; purchases minutes from the Company to add to an existing prepaid Lifeline account; completes an outbound call; initiates an outbound SMS or data usage; answers an incoming call from anyone other than the Company, its representative, or agent; or affirmatively responds to a direct contact from the Company confirming that he or she wants to continue.¹³ Sage will provide the subscriber 30 days' notice, using clear, easily understood language, that the subscriber's failure to use the Lifeline service within the 30-day notice period will result in service termination for non-usage; such notice may be given after 30 days of non-usage. Customers that have been deactivated may participate in the Company's Lifeline service in the future by reapplying and re-establishing eligibility.

To further protect the integrity of the USF, Sage has contracted with CGM, LLC, a Georgia-based lifeline service bureau, to edit all subsidy request data. CGM will process and validate the Company's subsidy data to prevent: (1) Duplicate Same-Month Lifeline Subsidies (Double Dip): any name/address that is already receiving a lifeline subsidy from the Company will be automatically prevented from receiving a second lifeline subsidy in that same month; and (2) Inactive lines receiving subsidy: CGM's systems compare all subsidy requests to underlying network status to ensure that subsidies are requested only for active lines. Through the processes described above, Sage ensures that it does not over-request from support funds.

¹² *See id.*

¹³ *See Lifeline and Link Up Reform Order* at ¶ 261.

III. THE COMMISSION HAS JURISDICTION TO DESIGNATE WIRELESS ETCs

Section 214(e)(2) of the Act provides state public utility commissions with the “primary responsibility” for the designation of ETCs.¹⁴ Although Section 332(c)(3)(A) of the Act prohibits states from regulating the entry of or the rates charged by any provider of commercial mobile service or any private mobile service, this prohibition does not allow states to deny wireless carriers ETC status.¹⁵ Therefore, the Commission has the authority to designate Sage as an ETC. Pursuant to this authority, the Commission has historically participated in determining whether to grant ETC status to an applying carrier, including any requesting wireless carrier.¹⁶ Under the Act, a state public utility commission with jurisdictional authority over ETC designations must designate a common carrier as an ETC if the carrier satisfies the requirements of Section 214(e)(1). Sage recognizes that Section 214(e)(1)(A) of the Act states that ETCs shall offer services, at least in part, over their own facilities and that Section 54.201(i) of the FCC’s Rules (47 C.F.R. § 54.201(i)) prohibits state commissions from designating as an ETC a telecommunications carrier that offers services exclusively through the resale of another carrier’s services. However, the FCC recently granted forbearance from enforcement of this facilities requirement to carriers seeking Lifeline-only ETC designation.¹⁷ Section 10(e) of the Act (47 U.S.C. § 160(e)) provides: “[a] State commission may not continue to apply or enforce any provision of this chapter that the [Federal Communications] Commission has determined to forbear from applying under subsection (a) of this section.” As such, the Commission is required

¹⁴ 47 U.S.C. § 214(e)(2).

¹⁵ See *Federal-State Joint Board on Universal Service, First Report and Order*, 12 FCC Rcd 8776, 8858-59, ¶ 145 (1997) (“USF Order”).

¹⁶ See e.g., *Amended Application of Q LINK WIRELESS LLC for Designation as an Eligible Telecommunications Carrier in the State of South Carolina*, Docket No. 2012-15-C, Order No. 2013-638(A) (October 3, 2013) (“Q LINK ETC Order”).

¹⁷ See *Lifeline and Link Up Reform Order* at ¶ 368.

by Section 10(e) to act in accordance with the FCC's grant of forbearance, and therefore, may not apply the facilities-based requirement to Sage. Therefore, the Commission has the authority under Section 214(e)(2) of the Act to grant Sage's request for designation as an ETC throughout the State of South Carolina.

A. The ETC Designation Request Is Consistent with Recent Commission Precedent

Sage's request for ETC designation to participate in the Lifeline program is consistent with the Commission's designation of Q LINK WIRELESS LLC as an ETC.¹⁸ In its decision, the Commission determined that designation of a prepaid wireless provider as an ETC would serve the public interest. Sage requests that the Commission expeditiously process its ETC Application so that it can quickly commence providing qualifying low-income South Carolina customers with affordable USF-supported wireless services during these challenging economic times for all state residents. Designation of Sage as an ETC would further competition for wireless Lifeline services and would offer eligible consumers an additional choice of providers for accessing telecommunications services, representing a significant step towards ensuring that all low-income consumers share in the many benefits associated with access to wireless services.

IV. SAGE SATISFIES THE REQUIREMENTS FOR DESIGNATION AS AN ETC

Section 254(e) of the Act provides that "only an eligible telecommunications carrier designated under section 214(e) shall be eligible to receive specific federal universal service support." Section 214(e)(2) of the Act authorizes state commissions, such as the Commission, to designate ETC status for federal universal service purposes and authorizes the Commission to designate wireless ETCs.¹⁹ Section 214(e)(1) of the Act and Section 54.201(d) of the FCC's

¹⁸ See *Q LINK ETC Order*.

¹⁹ *USF Order*, at 8858-59, ¶ 145.

rules provide that applicants for ETC designation must be common carriers that will offer all of the services supported by universal service, either using their own facilities or a combination of their own facilities and the resale of another carrier's services, except where the FCC has forbore from the "own facilities" requirement. Applicants also must commit to advertise the availability and rates of such services.²⁰ As detailed below, Sage satisfies each of the above-listed requirements.

A. Sage Will Provide Service Consistent with the FCC's Grant of Forbearance from Section 214's Facilities Requirements

Although Section 214 requires ETCs to provide services using their facilities, at least in part, the FCC has forbore from that requirement with respect to carriers such as Sage. In the *Lifeline and Link Up Reform Order*, the FCC granted forbearance from the "own-facilities" requirement contained in Section 214(e)(1)(A) for carriers that are, or seek to become, Lifeline-only ETCs, subject to the following conditions:²¹

(1) the carrier must comply with certain 911 requirements [(a) providing its Lifeline subscribers with 911 and E911 access, regardless of activation status and availability of minutes; (b) providing its Lifeline subscribers with E911-compliant handsets and replacing, at no additional charge to the subscriber, noncompliant handsets of Lifeline-eligible subscribers who obtain Lifeline-supported services; and (c) complying with conditions (a) and (b) starting on the effective date of this Order]; and

(2) the carrier must file, and the Bureau must approve, a compliance plan providing specific information regarding the carrier's service offerings and outlining the measures the carrier will take to implement the obligations contained in this Order as well as further safeguards against waste, fraud and abuse the Bureau may deem necessary."

Sage availed itself of the FCC's grant of blanket forbearance. In accordance with the *Lifeline and Link Up Reform Order*, Sage filed its Compliance Plan and the FCC released its Public Notice of Approval of the Company's Compliance Plan on December 26, 2012. A copy

²⁰ See 47 U.S.C. § 214(e)(1) and 47 C.F.R. § 54.201(d)(2).

²¹ See *Lifeline and Link Up Reform Order* at ¶¶ 368, 373 and 379.

of the Public Notice and the Compliance Plan, as approved, are attached hereto as Exhibit 3. Sage commits to providing Lifeline service in South Carolina in accordance with its approved Compliance Plan.

B. Sage Is a Common Carrier

CMRS providers like Sage are treated as common carriers.²²

C. Sage Will Provide All Required Services and Functionalities

Through its arrangements with Sprint and Verizon, Sage is able to provide all of the services and functionalities required by S.C. Code Reg. § 103-690.C(a) and Section 54.101(a) and Section 54.202(a) of the FCC's Rules (47 C.F.R. § 54.101(a) and 47 C.F.R. § 54.202(a)) including the following:

1. Voice Grade Access to the Public Switched Telephone Network

Sage provides voice grade access to the public switched telephone network ("PSTN") through the purchase of CMRS services from Sprint and Verizon.

2. Local Usage

As part of the voice grade access to the PSTN, an ETC must provide minutes of use for local service at no additional charge to end-users. The FCC has not specified a minimum amount of local usage that an ETC must offer.²³ Sage offers a variety of rate plans that provide its customers with minutes of use for local service at no additional charge.

²² *Implementation of Sections 3(n) and 332 of the Communications Act, Regulatory Treatment of Mobile Services*, GN Docket No. 93-252, Second Report and Order, 9 FCC Rcd 1411, 1425 ¶ 37, 1454-55 ¶ 102 (1994) (wireless resellers are included in the statutory "mobile services" category, and providers of cellular service are common carriers and CMRS providers); 47 U.S.C. § 332(c)(1)(A) ("mobile services" providers are common carriers); *see also PCIA Petition for Forbearance for Broadband PCS*, WT Docket No. 98-100, Memorandum Opinion and Order and Notice of Proposed Rulemaking, 13 FCC Rcd 16857, 16911 ¶ 111 (1998) ("We concluded [in the *Second Report and Order*] that CMRS also includes the following common carrier services: cellular service, ... all mobile telephone services and resellers of such services.") (emphasis added).

²³ *See e.g., In the Matter of Federal-State Joint Board on Universal Service*, Recommended Decision 15 FCC Rcd 7331 (2002).

3. Access to Emergency Services

Sage provides 911 and E911 access for all of its customers to the extent the local government in its service area has implemented 911 or E911 systems. Sage also complies with the FCC's regulations governing the deployment and availability of E911 compatible handsets.

4. Toll Limitation for Qualified Low-Income Customers

In its *Lifeline and Link Up Reform Order*, the FCC stated that toll limitation would no longer be deemed a supported service.²⁴ "ETCs are not required to offer toll limitation service to low-income consumers if the Lifeline offering provides a set amount of minutes that do not distinguish between toll and non-toll calls."²⁵ Nonetheless, Sage's offerings inherently allow Lifeline subscribers to control their usage, as its wireless service is offered on a pay-as-you-go basis. Sage's service, moreover, is not offered on a distance-sensitive basis and local and domestic long distance minutes are treated the same. Sage will not seek reimbursement for toll limitation service.

5. Other Services

While no longer required by 47 C.F.R. § 54.101(a), Sage provides dual tone multi-frequency ("DTMF") signaling to expedite the transmission of call set up and call detail information throughout the network, single party service for the duration of each telephone call and not multi-party (or "party-line") services, access to operator services, the ability to make interexchange, or long distance, telephone calls, and access to directory assistance services by dialing "411" from the provided wireless handsets.

D. Sage Will Advertise the Availability of Supported Services

Sage will broadly advertise the availability and rates for the services described above

²⁴ See *Lifeline and Link Up Reform Order* at ¶ 367.

²⁵ See *Lifeline and Link Up Reform Order* at ¶ 49.

using media of general distribution as required by S.C. Code Reg. § 103-690.C(a)(1)(C)(7) and Section 54.201(d)(2) of the FCC's regulations.²⁶ Sage's advertising will comply with the requirements set forth in the *Lifeline and Link Up Reform Order*, as outlined in the Company's Compliance Plan.²⁷ The Company will advertise its services in a manner reasonably designed to reach those likely to qualify for Lifeline service, using many mediums for outreach including print advertisements, direct marketing, and over the Internet.²⁸ The Company will engage in advertising campaigns specifically targeted to reach those likely to qualify for Lifeline service, promoting the availability of cost-effective wireless services to this neglected consumer segment. Sage may also promote the availability of its Lifeline offering by distributing brochures at various state and local social service agencies, and may partner with nonprofit assistance organizations in order to inform customers of the availability of its Lifeline service, and also intends to utilize its network of retail partners to help promote the availability of its Lifeline plans, especially those retail outlets that are frequented by low income consumers. Sage will provide retail vendors with signage to be displayed where Company products are sold, and with printed materials describing the Company's Lifeline program.

In accordance with section 103-690(C) of the Commission's rules, Sage has attached as Exhibit 4 a proposed two-year plan that describes the Company's plans for advertising and outreach programs for identifying, qualifying, and enrolling eligible participants in the Lifeline program. Sage believes that its advertising and outreach efforts detailed above will inform consumers of the availability of Lifeline service in a manner that will result in higher participation by qualified consumers than has been the case in the past.

²⁶ See 47 C.F.R. § 54.201.

²⁷ See Exhibit 3. See also *Lifeline and Link Up Reform Order* at Section VII.F.

²⁸ See attached Exhibit 3 for a sample advertisement.

E. Sage Requests Designation Throughout Its Service Area in South Carolina

Sage is not a rural telephone company as defined in Section 153(37) of the Act (47 U.S.C. § 153(37)). Accordingly, Sage is required to describe the geographic area(s) within which it requests designation as an ETC. Sage requests designation as an ETC for its entire service area in South Carolina.²⁹ Sage understands that its service area overlaps with rural carriers in South Carolina, but maintains that the public interest factors described below justify its designation in these carriers' service areas, especially because it seeks ETC designation solely to utilize USF funding to provide Lifeline service to qualified low-income consumers. It does not seek and will not accept Link-Up or high cost support.

F. Service Commitment Throughout the Proposed Designated Service Area

Sage provides service in South Carolina by reselling service which it obtains from its underlying facilities-based providers. The provider's network is operational and largely built out. Thus, Sage will be able to commence offering its Lifeline service to all locations served by its underlying carriers very soon after receiving approval from the Commission. Sage commits to comply with the service requirements applicable to the support that it receives.³⁰

G. Network Improvement Plan

As set forth in the *Lifeline and Link Up Reform Order*, a common carrier seeking designation as a Lifeline-only ETC is not required to submit a five-year network improvement plan as part of its application for designation as an ETC.³¹ In South Carolina, carriers seeking ETC designation only for the purpose of participation in the low-income programs are required,

²⁹ A list of wire centers in which the Company requests ETC designation is attached hereto as Exhibit 5. Since the Company seeks ETC designation solely for low income support, a "cream skimming" analysis is unnecessary and Sage requests that the Commission waive that portion of Commission Regulation 103-690 requiring a "cream-skimming" analysis.

³⁰ See *Lifeline and Link Up Reform Order* at page 208, revised § 54.202(a)(1)(i).

³¹ See *Lifeline and Link Up Reform Order* at ¶ 386.

in lieu of the network improvement plan, to submit a two-year plan that describes the carrier's plans for advertising and outreach programs for identifying, qualifying, and enrolling eligible participants in the Lifeline program.

H. Ability to Remain Functional in Emergency Situations

In accordance with 47 CFR §54.202(a)(2), Sage has the ability to remain functional in emergency situations. Through its agreements with its underlying carriers, Sage provides to its customers the same ability to remain functional in emergency situations as currently provided by the ILECs to their own customers, including access to a reasonable amount of back-up power to ensure functionality without an external power source, the ability to reroute traffic around damaged facilities, and the capability of managing traffic spikes resulting from emergency situations.

I. Commitment to Consumer Protection and Service Quality

Under FCC guidelines, an ETC applicant must demonstrate that it will satisfy applicable consumer protection and service quality standards.³² The Company commits to satisfying all such applicable state and federal requirements related to consumer protection and service quality standards. Specifically, Sage commits to comply with the Cellular Telecommunications and Internet Association's (CTIA) Consumer Code for Wireless Service.

J. Local Usage Requirement

An applicant for ETC designation is no longer required to demonstrate that it offers a local usage plan that is "comparable" to the plan offered by the ILEC in the relevant service territory.³³ Nevertheless, not only will the Company's offering be comparable to the underlying ILEC plans, it also will exceed them. In contrast to the ILEC plans, which contain relatively

³² See 47 C.F.R. § 54.202(a)(3).

³³ See *Lifeline and Link Up Reform Order* at page 208, revised § 54.202(a).

small local calling areas, Sage customers can place calls statewide (and even nationwide) because Sage does not constrict customers' use by imposing a local calling area requirement. Sage will also provide Lifeline customers with E911 capabilities and access to voice mail, caller ID, and call waiting services at no cost. The very nature of the wireless phone, i.e. mobility, has a tremendous benefit to many consumers, a benefit to which a monetary value cannot be easily assigned.

K. Equal Access Requirement

The FCC's Rules no longer require an applicant for ETC status to acknowledge that the FCC may require it to provide equal access to long distance carriers in the event that no other ETC is providing equal access within the service area.³⁴

L. Sage is Financially and Technically Capable

Sage is financially and technically capable of providing Lifeline-supported services.³⁵ Sage has been in business since 1998 and provides service to both Lifeline and non-Lifeline customers. Sage is authorized to provide competitive local and/or interexchange services in Arkansas, California, Colorado, Connecticut, Florida, Illinois, Indiana, Kansas, Kentucky, Michigan, Mississippi, Missouri, Montana, Nevada, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Texas, Washington, Wisconsin, and Wyoming. Sage has been designated as a wireline ETC in Kansas, Oklahoma, Texas, and Wisconsin, and a wireless ETC in Kansas, Maryland, Missouri, Texas, and Wisconsin. Less than 20% of Sage's customers receive a subsidy from a low-income program; the Company does not offer exclusively Lifeline-supported service and is therefore not exclusively dependent on USAC for its revenue. Sage has not been subject to enforcement action or ETC revocation proceedings

³⁴ See *id.*

³⁵ See *Lifeline and Link Up Reform Order* at ¶ 387.

in any state. The result of Sage's efforts is that it is a profitable company fully capable of honoring all its service obligations to customers and regulatory obligations to state and federal regulators. Furthermore, the senior management of Sage has great depth in the telecommunications industry and offers extensive telecommunications business technical and managerial expertise to the Company.³⁶ Sage will be providing resold wireless service, and therefore will also rely upon the managerial and technical expertise of its underlying carriers.

M. Sage Will Comply with Certification and Verification Requirements

Section 54.410 of the FCC's Rules requires ETCs to certify and verify a Lifeline customer's initial and continued eligibility. Sage will certify and verify consumer eligibility in accordance with the FCC's requirements, with applicable Commission rules, and with its Compliance Plan, which outlines how the Company will comply with the requirements set forth in the *Lifeline and Link Up Reform Order*.

N. Sage Will Comply With Regulations Imposed By The Commission

By this Application, Sage hereby asserts its willingness and ability to comply with the rules and regulations that the Commission may lawfully impose upon the Company's provision of service contemplated by this Application. Sage certifies that all federal USF funding received will be used for Lifeline support and will be flowed through to the direct benefit of eligible low income consumers. On behalf of its South Carolina customers, Sage will contribute to the federal and state USF and will remit all applicable surcharges and fees in South Carolina, including the E911 surcharge. Sage will comply with the Commission's annual reporting requirements set forth in S.C. Code Regulation 103-690.1. Upon Commission request, Sage is

³⁶ See Exhibit 6 for key management bios.

prepared to answer questions or present additional testimony or other evidence about its services within the state.

V. DESIGNATION OF SAGE AS AN ETC WOULD PROMOTE THE PUBLIC INTEREST

One of the principal goals of the Act, as amended by the Telecommunications Act of 1996, is “to secure lower prices and higher quality services for American telecommunications consumers and encourage the rapid deployment of new telecommunications technologies” to all citizens, regardless of geographic location or income.³⁷ There is no question that designation of Sage as an ETC in South Carolina will further the public interest by providing South Carolina consumers, especially low-income consumers, with lower prices and higher quality services. Many low-income customers in South Carolina have yet to reap the full benefits of the intensely competitive wireless market. Whether because of financial constraints, poor credit history or intermittent employment, these consumers often lack the countless choices available to most consumers.

The instant request for ETC designation must be examined in light of the Act’s goal of providing low-income consumers with access to telecommunications services. The primary purpose of universal service is to ensure that consumers—particularly low-income consumers—receive affordable and comparable telecommunications services. Given this context, designating Sage as an ETC would significantly benefit low-income consumers eligible for Lifeline service in the State of South Carolina—the intended beneficiaries of universal service.

A. Advantages of Sage’s Service Offering

The public interest benefits of the Company’s wireless service include larger local calling areas (as compared to traditional wireline carriers), the convenience and security afforded by

³⁷ *Telecommunications Act of 1996*, Pub. L. No. 104-104, 110 Stat. 56.

mobile telephone service, the opportunity for customers to control cost by receiving a preset amount of monthly airtime at no charge, the ability to purchase additional usage at flexible and affordable amounts in the event that included usage has been exhausted, 911 service and, where available, E911 service in accordance with current FCC requirements. The Company's Lifeline customers will receive the same high-quality wireless services and exceptional customer service provided to all Company customers. Sage's Lifeline rate plans will not only allow feature-rich mobile connectivity for qualifying subscribers at no cost to the subscriber, but also will bring a variety of rate plans into the reach of Lifeline customers at low Lifeline rates and without the burden of credit checks or contracts.

Sage's Lifeline program will provide low-income South Carolina residents with the convenience and security offered by wireless services—even if their financial position deteriorates. Low-income individuals can greatly benefit from the advantages offered by the Company's Lifeline service, thus allowing those adversely impacted by the economy or job loss to have access to supported wireless service to assist in emergency situations, facilitate job search efforts, and to maintain contact with family members.

It is also a commonly accepted fact that in today's market all consumers, including qualified Lifeline customers, view the portability and convenience of wireless service not as a luxury, but as a necessity. Mobile service allows children to reach their parents, wherever they may be, allows a person seeking employment the ability to be contacted by potential employers, and provides end users with the ability to contact emergency service providers, regardless of location. Providing Sage with the authority necessary to offer discounted Lifeline service to those most in danger of losing wireless service altogether undoubtedly promotes the public interest.

Moreover, grant of Sage's Application will serve the public interest in increasing the number of ETCs in South Carolina. By granting ETC status to Sage, the Commission will enable Sage to increase the number of South Carolina residents receiving Lifeline support, thereby increasing the amount of USF money flowing into South Carolina. In sum, ETC designation in the State of South Carolina would enable Sage to provide all of the public benefits cited by the FCC in its analysis in the *Virgin Mobile Order*. Namely, Sage would provide "increased consumer choice, high-quality service offerings, and mobility,"³⁸ as well as the safety and security of effective 911 and E911 services.³⁹

B. The Benefits of Competitive Choice

The benefits to consumers of being able to choose from among a variety of telecommunications service providers have been acknowledged by the FCC for more than three decades.⁴⁰ Designation of Sage as an ETC will promote competition and innovation, and spur other carriers to target low-income consumers with service offerings tailored to their needs and to improve their existing networks to remain competitive, resulting in improved services to consumers. Designation of Sage as an ETC will help assure that quality services are available at "just, reasonable, and affordable rates" as envisioned in the Act.⁴¹ Introducing Sage into the market as an additional wireless ETC provider will afford low income South Carolina residents a wider choice of providers and available services while enhancing the competitive marketplace as ETCs compete for a finite number of Lifeline-eligible customers. Increasing the competitive marketplace of providers has the potential to effectively increase the penetration rate and reduce the number of individuals not connected to the PSTN.

³⁸ See *Virgin Mobile Order*, 24 FCC Rcd at 3395 ¶ 38.

³⁹ See *Id.* at 3391 ¶ 23.

⁴⁰ See, e.g., *Specialized Common Carrier Services*, 29 FCC Rcd 870 (1971).

⁴¹ See 47 U.S.C. § 254(b)(1).

C. Impact on the Universal Service Fund

With Lifeline, ETCs only receive support for customers they obtain. The amount of support available to an eligible subscriber is exactly the same whether the support is given through a company such as Sage or the Incumbent LEC operating in the same service area. Sage will only increase the amount of USF Lifeline funding in situations where it obtains Lifeline customers not enrolled in another ETC's Lifeline program. By implementing the safeguards set forth in the *Lifeline and Link-up Reform Order*, Sage will minimize the likelihood that its customers are not eligible or are receiving duplicative support either individually or within their household. Significantly, the Company's designation as an ETC will not increase the number of persons eligible for Lifeline support. Sage's ability to increase the Lifeline participation rate of qualified low-income individuals will further the goal of Congress to provide all individuals with affordable access to telecommunications service, and thus any incremental increases in Lifeline expenditures are far outweighed by the significant public interest benefits of expanding the availability of affordable wireless services to low-income consumers. According to the FCC, "the additional choice and service options of another wireless reseller offering a service for low-income consumers represents a significant benefit for consumers and is in the public interest," and "A new entrant should incent existing wireless reseller ETCs to offer better service and terms to their customers, which provides additional evidence that forbearance in the context of the Lifeline program outweighs the potential costs."⁴²

VI. ANTI-DRUG ABUSE CERTIFICATION

Sage certifies that no party to this Application is subject to denial of federal benefits, including FCC benefits, pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988.

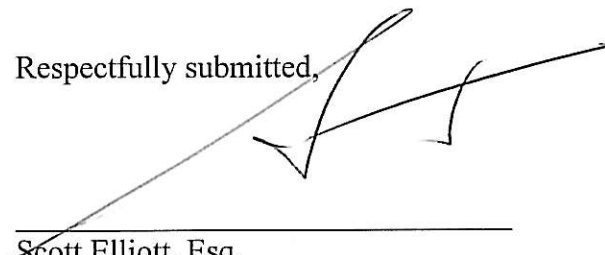
⁴² See *Petition of i-wireless, LLC for Forbearance from 47 U.S.C § 214(e)(1)(A)*, Order, FCC 10-117 (rel. June 25, 2010) at ¶ 19.

VII. CONCLUSION

Based on the foregoing, designation of Sage as an ETC in the State of South Carolina accords with the requirements of Section 214(e)(2) of the Act and is in the public interest.

WHEREFORE, Sage respectfully requests that the Commission promptly designate Sage as an ETC in the State of South Carolina.

Respectfully submitted,



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March 26, 2014